Higher Payment for IBP Shares by IOC

1477. SHRI NILOTPAL BASU: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government are aware that Ministry of Petroleum and Natural Gas in the wake of observations that IOC might have paid more for the purchase of IBP shares in the recent disinvestment, had defended IOC decision in some electronic media on the basis of valuation of IBP assets by replacement cost method;

(b) if so, whether the valuation of IBP on which Government took its final decision to arrive at the reserve price was on the basis of replacement cost method; and

(c) if so, the details thereof and the valuation of IBP made on the basis of the four internationally accepted methods?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) After considering all aspects, Government decided to accept the highest bid of IOC for sale of 33.58% of equity of IBP.

(b) and (c) After considering the valuation under different methods and all other factors into account, Government decided to adopt the reserve price for IBP shares at Rs. 507 per share based on the Discounted Cash Flow methodology.

Purchase of IBP Shares by IOC

1478. SHRI A. VIJAYA RAGHAVAN: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether IOC has purchased the IBP shares;

(b) if so, the details thereof;

(c) the price per share;

(d) whether Government have given any instructions to IOC to purchase the shares of the other oil PSUs; and

(e) if so, the details thereof?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) to (c) The Government has sold 33.58% of equity of

IBP Co. Ltd. of Rs. 7.44 crore to Indian Oil Corporation Ltd. (IOC) for a total consideration of Rs. 1153.68 crore as against the reserve price of Rs. 377 crore. The actual sales price works out to Rs. 151 per share as against the reserve price of Rs. 507 per share.

(d) and (e) The question of IOC's participation in future disinvestment in oil PSUs is premature as no other oil PSU has been offered for strategic sale at this stage.

Effect of delay in Disinvestment in AI and IA

1479. DR. MANMOHAN SINGH: Will the Minister of DISINVESTMENT be pleased to state:

(a) the progress of disinvestment in Air India and Indian Airlines;

(b) whether Government are aware that uncertainty of Government's intentions regarding disinvestment is affecting investments in these vital enterprises; and

(c) the measures being adopted to end this uncertainty?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) The process of disinvestment in both Air India and Indian Airlines was started by the Government in June 1999 and a great deal of progress was made. But all the bidders gradually withdrew from the process. Since there is no bidder for any of these airlines, the process will have to be restarted.

(b) There is no uncertainty about the Government's intentions regarding disinvestment in these two airlines.

(c) Does not arise in view of reply to (b) above.